REMARKS

Claims 1-15 are now pending in this application, with claims 12-15 having been added. Claims 1, 3, and 5-11 have been amended. Claims 1, 6, and 9 are independent.

The Rejection under 35 U.S.C. § 101

Claims 1-11 were rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. At page 2 of the Office Action, the Examiner states:

> In performing the steps of claims 1-11, there is no requirement that a machine be used. Therefore, the claimed subject matter may be performed using only human intelligence, which has recently been held to be non-statutory. Furthermore, process claims reciting abstract ideas area patentable only if the process involves one of the other statutory classes of subject matter (i.e., a machine, manufacture, or composition of matter). In re Comiskey, No. 2006-1286 (Fed. Cir. Sep. 20, 2007), 17-21.

After the outstanding Office Action was mailed, the Federal Circuit decided *In re Bilski*, No. 2007-1130, __ F.3d __, 2008 WL 4757110 (Fed. Cir. October 30, 2008) (en banc). *In re Bilski* (hereinafter *Bilski*) set forth the "machine-or-transformation" test as the sole test of patent-eligible subject matter for a claimed process:

> A claimed process is surely patent-eligible under § 101 if:
> (1) it is tied to a particular machine or apparatus, or
> (2) it transforms a particular article into a different state or thing.

Bilski at 10.

As an initial matter, with respect to *In re Comiskey* (referenced above by the Examiner), the *Bilski* court made clear, in discussing *Comiskey*, that the machine-or-transformation test is the sole test of patent-eligible subject matter for a claimed process: "Thus, the proper inquiry under § 101 is not whether the process claim recites sufficient 'physical steps,' but rather whether the claim meets the machine-or-transformation test." *Bilski* at 23. Accordingly,

Applicant will proceed to apply the process claims to the machine-or-transformation test, as required by *Bilski*.

Turning to the claims, Applicant notes, first, that claims 1-5 (and new claims 12 and 15) are not directed to a process, but to a product, specifically, to an insurance product. Accordingly, Applicant submits that those claims are statutory on their face. At the very least, the Office Action does not make out a *prima facie* rejection of those claims under 35 U.S.C. § 101, since the Examiner's comments are limited to processes. Nevertheless, independent claim 1, directed to an insurance product, has been amended similarly to the independent process claims.

As to the process claims, i.e., claims 6-11, 13, and 14, Applicant submits that those claims satisfy the second prong of the *Bilski* test, for the reasons set forth below, and therefore that those claims recite patent-eligible subject matter.

Claim 9, for example, recites:

9. A method of compensating an owner of an insured article that has been damaged and repaired, when the owner disposes of the insured article, for a loss in value of the insured article as compared to a similar article that has not been damaged, the method comprising:
determining a value of the repaired article;
determining a value of an undamaged similar article;
calculating a difference in value of the repaired article and the undamaged similar article; and
compensating the owner of the repaired article the difference in value such that a realized value of the repaired article is similar to the value of the undamaged similar article.

Therefore, the claimed method transforms the value of the repaired article realized by the owner into the value of an undamaged similar article when the owner disposes of the article. The value of the repaired article may certainly be expressed in terms of money or currency, for example. (See claims 13 and 14.) Accordingly, it is submitted that the claimed method satisfies the second prong of the *Bilski* test by transforming a particular article -- money --

into a different state or thing; in practice, what is being transformed by the claimed method is the total amount of money that the owner will receive when selling an article that has been damaged and repaired (sales price plus the recovery from insurance).

Applicant notes that the *Bilski* court made clear, regarding the second prong of the machine-or-transformation test, that "[t]his transformation must be central to the purpose of the claimed process." Surely, transforming the total amount of money that an owner will receive when selling an insured article that has been damaged and repaired is central to the purpose of the claimed process; for example, the preamble of claim 9 recites: "A method of compensating an owner of an insured article that has been damaged and repaired, when the owner disposes of the insured article, for a loss in value of the insured article as compared to a similar article that has not been damaged."

Applicant submits that whether the Examiner considers the claimed "value" of the repaired article to be (A) money or (B) representative of money, the claimed process recites patent-eligible subject matter in either case. The *Bilski* court made clear that Bilski's claim 1 failed because it did not involve "the transformation of any physical object or substance, or an electronic signal representative of any physical object or substance." Therefore, a transformed article must be a physical object or substance, or representative of a physical object or substance. Accordingly, whether the Examiner views the claimed "value" of Applicant's claim to be either money or representative of money, it is submitted that the claimed process, which transforms the value of the repaired article realized by the owner into the value of an undamaged similar article, is patent-eligible.

For at least the foregoing reasons, Applicant submits that claims 1-15 are directed to patent-eligible subject matter.

The Rejection under 35 U.S.C. § 102(b)

Claims 1-11 were rejected under 35 U.S.C. § 102(b) as being anticipated by Buggs (Buggs, Shannon, "Beef Up Insurance If Leasing Vehicle," Houston Chronicle, Houston, Texas, June 18, 2001).

Applicant submits that independent claims 1, 6, and 9, together with the claims dependent therefrom, are patentably distinct from the cited reference for at least the following reasons.

Independent claim 9 (for example) recites a method of compensating an owner of an insured article that has been damaged and repaired, when the owner disposes of the insured article, for a loss in value of the insured article as compared to a similar article that has not been damaged. The body of the method claim includes determining the value of the repaired article, determining a value of an undamaged similar article, and compensating the owner of the repaired article the difference in value such that a realized value of the repaired article is similar to the value of the undamaged similar article.

However, Buggs relates to lease agreements of vehicles and only discusses vehicles that have been destroyed, i.e., not repaired. Applicant notes, for example, page 2, paragraph 2 of Buggs, which states: "By Monday, her agent called to tell her the SUV would be totaled and to offer a claim settlement." (Emphasis added.) Also, page 2, paragraph 8 of Buggs states: "If Allison demolished your leased vehicle - or an everyday collision destroyed it - there are some steps you can take to get the insurance settlement to cover the final payoff." (Emphasis added.)

The Examiner cites page 2, paragraphs 10 and 11 of Buggs, which discusses so-called "gap insurance" of two types, replacement and payoff, for after a leased car has been destroyed. "Replacement" guarantees that the insured lessee will get a similar car to the one

he or she was leasing; "payoff" allows the lessee to walk away from the damaged vehicle and the lease with paying only an insurance deductible. However, in both of those situations, the car is a leased car and has not been repaired; therefore, those situations are different from that of the claimed invention in which the car has been damaged and repaired and the owner is being compensated for a loss in value of the insured article as compared to a similar article that has not been damaged, when the owner disposes of the insured article.

Accordingly, claim 9 is seen to be clearly allowable over Buggs.

Independent claims 1 and 6 recite features which are similar in many relevant respects to those discussed above in connection with claim 9. Accordingly, claims 1 and 6 are believed to be patentable for at least the same reasons as discussed above in connection with claim 9.

The other claims in this application are each dependent from one or another of the independent claims discussed above and are therefore believed patentable for the same reasons. Since each dependent claim is also deemed to define an additional aspect of the invention, however, the individual consideration or reconsideration, as the case may be, of the patentability of each on its own merits is respectfully requested.

For example, in connection with dependent claims 3, 7, and 10, the Examiner states that Buggs teaches an insurance product...

> ...in which the compensation is for a loss incurred as a result of a diminution in the value of the insured article due to the insured article having been damaged in an accident, notwithstanding that the insured article was competently repaired after the accident (Buggs: pg 2, paragraphs 20 "A full report will tell you..." i.e. the car was in an accident but repaired well enough to sell.

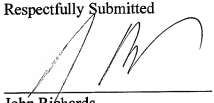
However, claims 3, 7, and 10 recite that the insured article was competently repaired after the accident. On the other hand, in the cited portion of Buggs, the insured article has been destroyed, and it is a replacement article that the "full report" of history is directed to.

Accordingly, this has nothing to do with the claimed invention, and cannot teach the claimed invention.

CONCLUSION

In view of the foregoing amendments and remarks, Applicant respectfully requests favorable reconsideration and early passage to issue of the present application.

Respectfully Submitted



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